

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Valdez Fisheries Development Association Federal Tax ID: 92-0074473 Inc.****Project Title:**

Valdez Fisheries Development Association Inc. - Cold Storage Project Land Acquisition and Site Preparation

State Funding Requested: \$ 245,000
Future Funding May Be Requested**House District: 12 - F****Brief Project Description:**

Assistance toward the purchase of a site and the development of a location for a cold storage plant

Funding Plan:**Total Cost of Project: \$17,600,000**Funding Secured*Amount FY*Other Pending Requests*Amount FY*Anticipated Future Need*Amount FY*

There is no other funding needed

Detailed Project Description and Justification:

The Valdez Fisheries Development Association is seeking to enhance the commercial fishing industry in Prince William Sound. A concept has been developed for regional cold storage and reprocessing facility in Valdez. The overall concept is to store previously headed and gutted frozen fish in a modular designed cold storage facility. This will provide an opportunity for managing inventories fo finished product to help take advantage of seasonal pricing.

This funding will assist toward the purchase of the land to house the cold storage facility.

Project Timeline:

2008-2009

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Valdez Fisheries Development Association

Grant Recipient Contact Information:

Contact Name: Dave Cobb

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Address: PO Box 125

Valdez, AK 99686

Email:

Total Project Snapshot Report

FY 2009 Capital Budget

TPS Report 50784

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No

**VALDEZ FISHERIES
DEVELOPMENT ASSOCIATION INC.**

P.O. Box 125
Valdez, Alaska 99686
Phone 835-4874 Fax 835-4831



The Honorable John Harris
Speaker of the House
Alaska State Legislature
Juneau, Alaska

EN 92-0074473

February 4, 2008

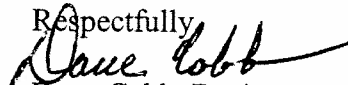
Dear Speaker Harris;

Please find enclosed an executive summary of the proposed Cold Storage Project located in Valdez, Alaska. Once again, Valdez Fisheries is requesting your assistance in funding this project. We have submitted an appropriations request to our Congressional delegation and are still working the issue. However, we have been told that without a commitment from the State of Alaska toward this project the delegation is hesitant to do anything to fund the effort. It is apparent to many fishermen and processor's that a facility of this type is greatly needed in the State of Alaska.

A recent announcement by Trident Seafood's that they have purchased Bear and Wolf Seafood, which is the largest purchaser of salmon in Prince William Sound, may allow more fish to be harvested and processed in Valdez and Prince William. The loss of many small processors in the sound and the emergence of the larger corporations can be a benefit to Valdez if we have ample infrastructure to accommodate the processing and cold storage needs of these companies.

Mr. Speaker, you and I have discussed this project on numerous occasions, please feel free to contact me with any questions or if you would like a presentation of the plans please call.

Respectfully,


Dave Cobb, Business Manager

**DEDICATED TO THE UTILIZATION, CONSERVATION,
AND REHABILITATION OF ALASKA'S FISHERY RESOURCE
WITHIN THE 200-MILE LIMIT**

VALDEZ COLD STORAGE PROJECT

In 1978, a group of local commercial fishermen formed the Valdez Fisheries Development Association. The goals of this non-profit organization were to develop a hatchery program and offer training and community resources to enhance the commercial fishing industry in the Valdez area. In 1982, the Association released nearly 10 million Pink salmon fry from the Solomon Gulch Hatchery site in Valdez. By 2003, more than 206 million fry were released annually, making it the largest Pink salmon in Alaska.

The Association continues to seek out opportunities to enhance the commercial fishing industry in the Eastern District of Prince William Sound. In 2002, a grant was successfully obtained to develop a Fisheries Business Incubator Project, which would allow the commercial fishermen of the area to value-add a small percent of their harvest in order to realize higher prices for their fish. In 2006, a second grant was obtained which will allow for the construction of a small 200,000 lbs. Cold Storage Unit which will allow the fishermen to hold their processed product and ship it into the market place when the prices are higher.

A unique concept has been developed for a Regional Cold Storage and reprocessing facility in Valdez, Alaska. Historically, a significant portion of the Alaska seafood harvest undergoes only primary processing into a frozen headed and gutted form. These fish are then exported to locations outside of Alaska (i.e. Washington State, Japan, Thailand and China) for value-added processing into finished products that are shipped back to the United States for sale and consumption. The intense, short duration fishing seasons in Alaska require that much of the harvested seafood be disposed of quickly, and therefore it ends up as a canned product or the previously mentioned frozen headed and gutted form. The Alaskan economy loses this important value-added activity, and with it the employment, income, investment and multiplier benefits. The Association's cold storage and reprocessing facility is designed to keep this value-added activity in Alaska and provide a very price competitive facility that fosters economic development in the region. The development is intended to encourage additional processing and inventory management by existing processing companies, entrepreneurial start-ups, and harvesters interested in generating more value from their catch.

The overall concept for the cold storage facility is to store previously headed and gutted frozen fish or frozen fillets in a modular designed cold storage facility for reprocessing at a later date. Customers will also use the cold storage facility for managing inventories of finished product to take advantage of increases in seasonal pricing. Valdez Fisheries Development Association will purchase the land and build a facility to house cold

storage, dry heated storage, secondary processing area, an office, and loading docks. The facility will not compete with other established processing businesses in the Prince William Sound area but will enhance business opportunities and product development for existing processors.

In discussions with Mayor Jim Whitaker of the Northstar Borough and many farmers from the interior, it has become apparent that there is a significant need by the farmers for cold storage capacity for their farm produce. A processing facility for value-adding the carrots, potatoes, cauliflower and other vegetables from these farms is greatly needed. The production levels of the farmers are limited because of the lack of processing and cold storage facilities. Alaska ships about 120 tons of seed potatoes to China and Korea each year, however, that amount could significantly increase with the appropriate cold storage facility. A successful synergy between fishermen, farmers and processors is only a cold storage reprocessing facility away.

The uniqueness of the facility is important because, in an era of high-energy costs it allows for the utilization of waste heat from the Petro Star Refinery to reduce electrical costs by 50% to 80%. The system design allows for the capture of surplus heat being dissipated into the atmosphere, and the transfer of heat to a thermal medium stream of ethylene glycol and water, which is piped to the cold storage facility for use in an ammonia absorption system. The availability of a low cost storage facility will allow existing Alaskan processors and new entrepreneurial start-ups to hold their product for year round processing and enjoy substantial savings in freight costs. By doing secondary value-added processing in Alaska, the processor postpones freight costs from his primary raw material to the time of sales of the final product.

In addition to the year-round jobs created by the cold storage facility, additional processing jobs and secondary business opportunities will be realized through an increase in economic activity in the region. Alaska's fishing economy is beginning to recover from a loss of market share and the increased competition of farmed salmon. The inclusion of a large cold storage facility in the Valdez area will help to keep the recovery intact and provide a new facility for a struggling farm industry in interior Alaska. This cold storage facility will greatly enhance increased opportunities in the future.

Valdez Cold Storage Proposed Budget

1. Heat Recovery Unit at Petro Star Refinery	estimated @ \$450,000
2. Heat/Glycol Transfer Unit and Pipeline to Cold Storage Site	estimated @ \$1,640,000
3. Ammonia Absorption Skid and hardware	estimated @ \$3,700,000
4. Cold/Warm Storage Warehouses to include 4 Buildings (including Office and Mechanical)	estimated @ \$8,250,000
5. Common Refrigerated Corridor connecting all Buildings.	Estimated @ \$1,110,000
6. Land Acquisition and Contingency fund	Estimated @ \$1,500,000
7. Site Preparation and Dike Construction	Estimated @ \$950,000

Total Project Estimated Costs \$17,600,000

We are requesting a State of Alaska appropriation of \$2,450,000.